BENTON P.U.D

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RE: Benton/Franklin/Grays Harbor PUD Comments on BPA's Congestion Management White Paper

BPA's White Paper entitled "Challenge for the Northwest: Protecting and managing an increasingly congested transmission system" lays out five approaches to solving congestion. We believe any truly effective, long term solution of a problem this complex in nature should include elements of multiple approaches, specifically those of *Approach 2: Commercial redispatch* and *Approach 3: Minimizing congestion proactively*.

We encourage BPA to further explore *Approach 2: Commercial redispatch*. Although complex to implement and reactive in nature, this approach may prove to be the most effective real-time congestion management tool and part of the most economical long-term solution.

While *Approach 2: Commercial redispatch* has advantages in effectively relieving impending and real-time congestion, we recognize that it is a reaction to a condition that may otherwise have been avoided with a more proactive management approach. To that end, we also encourage BPA to further explore elements of *Approach 3: Minimizing congestion proactively*. Approach 3 lays out two methods which have the same goal of proactively identifying and managing potential congestion before it occurs. The first method, however, is problematic and conflicts with the language "…at least cost to consumers," found in the first and third principles on page 4. We believe it will be very difficult for BPA and other Northwest entities to accurately forecast generation schedules a day or more ahead. However, with the dynamic nature of this business, we can appreciate BPA's desire to manage problems proactively. For this reason we encourage BPA to focus on the second method. One possible first step may be an internal assessment of how well BPA can forecast their loads and generation a day or more ahead.

One cautionary point we would like to make is that it is somewhat misleading to imply that a reactive tool is not as valuable as a proactive tool. Reactive tools are

necessary for unexpected events such as lightning strikes, trees falling on lines, and unforeseen equipment failures. Proactive tools are useful for avoiding congestion in the first place, but *forces majeur* will always require reactive measures. Perhaps this is a semantic issue, but it deserves some consideration when comparing "reactive" and "proactive" tools for managing congestion.

Finally, as BPA and its transmission customers move forward to work collaboratively to solve this growing problem of transmission congestion, we need to stress that consistency with the current BPA tariff should not be a factor in the evaluation of potential solutions. The best solutions will stand on their own merit, and it is the tariff that should be changed or modified to accommodate these solutions.

We appreciate the opportunity to provide comments on this matter and look forward to working with BPA and its transmission customers to find solutions to these complex problems.

Sincerely,

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Director of Power Management

REG/gcb

c: James W. Sanders
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